

CITY OF MILPITAS
FY 2015-2016 Mid-Year Budget Appropriation Requests

Operating Items				
Item	Description		Fund Impact	Note
1	City-wide employee training	See Staff Report for narrative	(22,800)	General Fund
2	SCVTA Master Agreement (City Match Funds)	See Staff Report for narrative	(100,000)	TASP Fund
3	ACCO Engineered Systems contract	See Staff Report for narrative	(134,400)	General Fund
4	Increase Utility Engineering budget for Sewer rate study	See Staff Report for narrative	(75,000)	Sewer Fund
4A	Sewer Financing Analysis (Financial Advisor Retainer)	See Staff Report for narrative	(15,000)	General Fund
5	Authorize Junior Planner position	See Staff Report for narrative	-	
6	Reclassify Recreation Assistant II to III	See Staff Report for narrative	-	General Fund
7	Reclassify Assistant Civil Engineer to Associate Civil Engineer	See Staff Report for narrative	-	Water and Sewer Funds
8	Reclassify two Maintenance Custodian II positions	See Staff Report for narrative	-	
9	Increase overtime budget for Utility Maintenance	See Staff Report for narrative	(45,000)	Water Fund
10	Capital Projects			
	Community Improvements			
A	CIP- Recycled Water On-Site Conversions	New project to convert existing City landscape from potable water to recycled water at potential sites, including but not limited to, City Hall, Community Center, Senior Center, Escuela Parkway medians, Hetch-Hetchy right of way, Augustine Park, and the Community Garden. The project sheet is attached.	(500,000) (300,000)	General Government CIP Fund Park Fund
	Streets			
B	CIP 4267 Sound Wall Renovation	To reallocate funding consistent with the nature of the project	200,000 (200,000)	Substitute Gas Tax Fund with General Government CIP Fund
C	CIP 3412 Street Resurfacing Project 2014	The construction work has been completed and the project is under warranty. The funding can now be reduced.	200,000	Defund, Increase General Government CIP Fund
	Storm			
D	CIP 3710 Penitencia Pump Station Improvements	The construction work has been completed and the project is under warranty. The funding can now be reduced.	150,000	Defund, Increase General Government CIP Fund
	Water			
E	CIP 7076 Well Upgrade Project	Reduce water fund contribution and update to Bond Funding in FY16-17	2,000,000	Defund - Increases Water Fund Reserves, Bond funding for FY16-17
F	CIP 7100 Water System Seismic Improvements	Reduce water fund contribution and update to Bond Funding in FY16-17	1,000,000	Defund - Increases Water Fund Reserves, Bond funding for FY16-17
G	CIP 7102 Ayer Reservoir & Pump Station Improvements	This project is close to completion so the funding can be reduced.	315,000	Defund - Increases Water Fund Reserves
H	CIP 7109 Water System Replacement 08-09	Close the project now. The water system replacement program will continue in the future under other CIP projects. Additional study and analysis is needed before design can commence. Eliminate construction funding for this project until the study is completed.	500,000	Defund - Increases Water Fund Reserves
I	CIP 7119 Sunnyhills Turnout Pressure Reducing Valve	Additional study and analysis is needed before design can commence. Eliminate construction funding for this project until the study is completed.	500,000	Defund - Increases Water Fund Reserves
J	CIP 7121 Automated Water Meter Replacement	Reduce water fund contribution and replace funding in FY16-17.	750,000	Defund - Increases Water Fund Reserves
K	CIP 7122 Daniel Court Water Service Replacement	Close project. A new project for Daniel Court will begin in FY 19-20.	525,000	Defund - Increases Water Fund Reserves
L	CIP 7124 Water System Air Relief Modifications	Project has been completed and can be closed.	350,000	Defund - Increases Water Fund Reserves
FUND			DOLLAR IMPACT	
GENERAL			(172,200)	
TASP			(100,000)	
GEN GOVT CIP			(350,000)	
PARK			(300,000)	
GAS TAX FUND			200,000	
SEWER			(75,000)	
WATER			5,895,000	

City of Milpitas, California

BUDGET CHANGE FORM

Type of Change	From		To	
	Account	Amount	Account	Amount
Check one: <input checked="" type="checkbox"/> Budget Appropriation <input type="checkbox"/> Budget Transfer	100-2940	22,800	100-115-4503	22,800
	350-2940	100,000	350-910-4237	100,000
	100-2940	134,400	100-427-4237	134,400
	450-2970	75,000	450-416-4237	75,000
	100-2940	15,000	100-416-4237	15,000
	400-2970	45,000	400-423-4113	45,000
	330-3899	500,000	330-3999	500,000
	320-2931	300,000	320-3952	300,000
	331-951-3417-15-3852	500,000	331-951-3417-2-4800	100,000
	331-951-3417-15-3840	300,000	331-951-3417-4-4800	100,000
			331-951-3417-7-4800	600,000
	221-3852	200,000	221-2909	200,000
	311-951-4267-15-3852	200,000	311-951-4627-15-3932	200,000
	330-3832	200,000	330-2931	200,000
	331-951-3412-7-4800	200,000	331-951-3412-15-3999	200,000
	330-3899	200,000	330-2931	200,000
	341-951-3710-8-4800	150,000	341-951-3710-15-3952	150,000
	330-3853	150,000	330-2931	150,000
	401-951-7076-7-4800	2,000,000	401-951-7075-15-3999	2,000,000
	400-3899	2,000,000	400-2970	2,000,000
	401-951-7100-7-4800	1,000,000	401-951-7100-15-3999	1,000,000
	400-3899	1,000,000	400-2970	1,000,000
	401-951-7102-7-4800	315,000	401-951-7102-15-3999	315,000
	400-3899	315,000	400-2970	315,000
	401-951-7109-7-4800	500,000	401-951-7109-15-3999	500,000
	400-3899	500,000	400-2970	500,000
	401-951-7119-7-4800	500,000	401-951-7119-15-3999	500,000
	400-3899	500,000	400-2970	500,000
	401-951-7121-7-4800	750,000	401-951-7121-15-3999	750,000
	400-3899	750,000	400-2970	750,000
	401-951-7122-1-4800	100,000	401-951-7112-15-3999	525,000
	401-951-7122-2-4800	50,000	400-2970	525,000
	401-951-7122-4-4800	25,000		

	401-951-7122-7-4800 400-3899	350,000 525,000		
	401-951-7124-1-4800 401-951-7124-2-4800 401-951-7124-4-4800 401-951-7124-7-4800 400-3899	35,000 25,000 20,000 270,000 350,000	401-951-7124-15-3999 400-2970	350,000 350,000

Approve Mid-Year Budget Appropriations and Changes for the FY 15-16 Operating and Capital Improvement Program Budget (Staff Contact: Russell Morreale, 408-586-3111)

Background: The City's budget policy requires that any additional appropriations to a department, capital improvement project's budget or re-appropriation of monies from one fund to another must be approved by the City Council. These requests are summarized below and quantified in the attached schedule.

The requested budget adjustments deemed to be necessary at mid-year include the following budget changes and authorizations which fall into the categories of operations, personnel and capital projects:

Operations:

- 1) Increase budget appropriation in the amount of **\$22,800 within the General Fund Human Resources Department training budget**. This funding will cover the costs of additional training classes to be offered to City employees as coordinated by human resources in the effort to promote staff development. The City currently has employs 358 authorized permanent positions.
- 2) Increase budget appropriation in the amount of **\$100,000 within the Transit Area Specific Plan (TASP) Fund** for payments per the Fifth Amendment to the Master Agreement between the City and Silicon Valley Transit Authority (SCVTA) relating to the Silicon Valley Rapid Transit Program Extension Project, approved by City Council on April 13, 2013. With this budget adjustment, the City will provide \$100,000 toward the final engineering and environmental documentation costs to serve as the required local match under the rules of the One Bay Area Government (OBAG) program. Total grant funds received are estimated at \$840,000. By way of background, the Silicon Valley Rapid Transit Program Extension Project recommended approach to Curtis Park Mitigation and Acquisition Pedestrian Bridge over the Montague Expressway.
- 3) Increase budget appropriation in the amount of **\$134,400 within the General Fund Public Works Department's Facilities Maintenance Contractual Services budget** to augment the ACCO (ACCO) Engineered Systems contract through FY 2015-16. ACCO performed a survey and inventory of all City facilities heating, ventilation, and air conditioning (HVAC) systems and determined that essential repairs and rehabilitation of HVAC systems are needed. This required repair work was unanticipated during the adoption of the FY 2015-16 budget and is not included in the operations and maintenance element of the ACCO contracted services. This funding will allow Public Works to direct ACCO to begin critical repair and rehabilitation of HVAC systems during FY2015-16. Continued assessment of the HVAC systems by ACCO is anticipated to increase the amount of necessary repairs to be addressed in FY 2016-17.
- 4) Increase budget appropriation in the amount of **\$75,000 (Including contingency) from the Sewer Fund to the Utility Engineering Section** for a sewer rate study. The study is needed to evaluate multiple financing options for Milpitas's share of improvements at the regional wastewater treatment facility. Originally, staff expected to participate in short-term and long-term financing offered by the City of San Jose. That option may not be available and staff recommends evaluating multiple financing options and their impacts on sewer rates. On a related note, **another \$15,000 in fees for financial advisory services** is being requested from the General Fund to begin planning future financing strategies (these dollars may be subject to future bond financing reimbursement).

Personnel/Staffing Authorizations:

- 5) Authorize a Junior Planner position (an existing classification) in the Planning and Neighborhood Services department. No additional funding is needed for the FY15-16 operating budget given salary savings from a vacant Senior Planner position. As entry level staffing position, the Junior Planner will support the ongoing and expected future demand for current planning, support the public counter as well as telephone response services. Making this position available at mid-year enables the department to stabilize its permanent staffing immediately and begin a quicker withdrawal of consulting services. Use of a

Junior Planner as designated counter staff will improve customer service by having a professional planner available to answer code questions and make numerous determinations as to completeness and appropriateness of projects. For future reference, the total annual salary and benefits of this position is \$140,000.

- 6) Reclassify a Recreation Assistant II position to Recreation Assistant III (an existing classification) in the Recreation department and authorize for funding. This position will handle higher level administrative duties, increased staffing responsibilities and to help ensure the high quality service for rentals and logistical services within Recreation Services. No additional funding is needed for the FY15-16 operating budget. The total annual salary and benefits for the Recreation Assistant III position is \$88,000 as compared to \$79,550 for a Recreation Assistant II.
- 7) Reclassify a vacant Assistant Civil Engineer Position to an Associate Civil Engineer in the Utility Engineering Section. Both are existing positions and classifications. The position will provide much needed engineering experience to insure necessary training and continuity to meet interim peak workloads due to the increased number of programs for which the section is responsible. In addition, regulatory requirements for these programs become more stringent every year and require increasing levels of staff attention. This position is fully funded by the Water and Sewer Funds and no additional funding is needed for the FY15-16 operating budget due to salary savings from vacant positions. The total annual salary and benefits for the Associate Civil Engineer position is \$184,000 as compared to \$163,000 for an Assistant Civil Engineer.
- 8) Reclassify two (2) Maintenance Custodian II positions within the Facilities Maintenance section due to increased operations and maintenance work at City facilities. The two Maintenance Custodian II positions would be reclassified to Maintenance Worker II and allow Facilities Maintenance to improve staff resources required to address the maintenance and repair needs at City facilities. Currently, Public Works Facilities Maintenance division has one individual receiving 10% Special Assignment compensation while employed at the Maintenance Custodian II classification. The Special Assignment duties are commensurate with the work performed by Maintenance Worker II. No Additional funding is needed for the FY15-16 operating budget due to savings from vacancies. The total annual salary and benefits for the Maintenance Custodian II position, without 10% Special Assignment, is \$105,400 as compared to \$113,700 for a Maintenance Worker II.
- 9) Increase budget appropriation in the amount of \$45,000 from the Water Fund for overtime in the Utility Maintenance section. The request for increased funding is due to a doubling of overtime workload to address water meter repairs and after-hour water leak repairs. There was a significant backlog of existing water meter service requests that required attention in order to ensure proper registering of water usage through the City water meters. Public Works staff has worked and will continue to work to repair water meters in order to capture accurate water sales/revenue for the City. This work fluctuates and averages approximately 10 additional repairs weekly in excess of regular planned workload. As a result, this work has been completed by Utility staff after hours and relies on overtime for funding.

Heightened community awareness of the drought and water conservation mandates has increased the need for the City to conduct additional water leak repairs throughout the City. Public Works typically responds to an approximate average of 40 leaks per year; through December of 2015, the department had already reached its annual approximation and projects that leak response will double for FY2015-16.

Capital Improvement Projects (CIP):

- 10) Staff is proposing several mid-year changes to the City's Capital Improvement Program (CIP), with a primary focus on water infrastructure. These adjustments are being proposed as staff refines capital plans in line with fund reserve needs and anticipated revenue-bond financing. It is key to note that current year water revenues are projected to be lower this year due to a nine-month delay in implementing FY 15-16 water rate increase during which water rates were restructured. Furthermore, water conservation has caused higher wholesale prices as well as a drop in water sales. These budget adjustments allow the City to meet recommended reserve levels within the next two years after which higher revenue generated from the new water rates will maintain such levels. In doing so, staff added high-priority water supply augmentation projects while reprioritizing other planned water projects to later years. Lower-priority projects that do not require immediate funding are recommended for re-appropriation in later years. It is important to note that no health or safety concerns will be created due to the revision and extension of these projects. The changes to the various CIPs are summarized in the attached schedule.

Fiscal Impact: The impacts to the various requests noted above is as follows: General Fund is \$172,200; TASP Fund \$100,000; Park Fund \$300,000; General Government CIP Fund \$350,000; and Sewer Fund \$75,000. By reprioritizing the CIP projects, the Water Fund and Gas Tax Fund will increase by \$5.9 million and \$200,000 respectively in the early years, allowing the City to preserve its 30% recommended reserves levels in the Water Fund. There are sufficient fund balances in these various funds to accommodate the budget adjustment requests.

Recommendations: Approve the Fiscal Year 2015-16 mid-year budget appropriations as itemized in the budget change form which is included in the City Council agenda packet.

☒ Check if City Council Approval required.

Meeting Date: February 2, 2016

Requested by:	Russell Morreale, Finance Director	Date: 1/27/2016
Reviewed by:	Finance Director:	Date:
Approved by:	City Manager:	Date:
Date approved by City Council, if required:		Confirmed by:

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Form 30-222 (Rev. 1/92)